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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

May 30, 2013

TO: Internal File

THRU: Steve Christensen, Permit Supervisor *SKC*

FROM: James Owen, Lead *jeo*

RE: Phase III Bond Release, Plateau Mining Corporation, Star Point Mine,
C/007/0006, Task ID #4320

SUMMARY:

On August 2, 2012, the Utah Division of Oil Gas & Mining received an application for an amendment to the Mining & Reclamation Plan (MRP) of the Castle Gate Mine. The application seeks approval to grant full Phase III Bond Release for the Star Point mine.

The Star Point Mine is located on Gentry Mountain approximately 23 miles southwest of Price, Utah on the east side of the Wasatch Plateau Coal Field. The Star Point Mine permit area is 8780 acres. The permit includes 87.3 acres within the disturbed area boundary.

This memo addresses the application's compliance with the engineering (R645-301-500) and bonding (R645-301-800) sections of the Utah Coal Mining Rules. Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules. No deficiencies were identified.

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TECHNICAL ANALYSIS:

RECLAMATION PLAN

**BACKFILLING, GRADING, AND APPROXIMATE ORIGINAL
CONTOUR RESTORATION**

Regulatory Reference: 30 CFR Sec. 784.15, 785.15, 785.16, 817.102, 817.107, 817.133; R645-301-234, -301-412, -301-413, -301-512, -301-531, -301-533, -301-553, -301-536, 301-537, -301-542, 301-552, -301-553, -301-731, -301-732, -301-733, -301-764.

Analysis:

The reclaimed sites have adequately achieved approximate original contour (AOC). Some road cuts were left in place due to the fact that they were cut too steep to be fully covered, however, the cuts are minimal and achieve the stability requirements of R645-301-553.530, and meet the approximate original contour criteria of R645-301-553.520.

All backfilling, soil stabilization, compacting and grading, are as expected according to the MRP's anticipated final surface configuration of the permit area.

Reclamation in 2000 included: the demolition of the overland conveyor system and preparation plant; the removal of equipment and machinery from underground; the demolition, backfilling and grading, and reseeded of the 1.54 acres at the Mud Water and the Corner Canyon Fan sites; and the sealing of the portals at the Lion Deck. Reclamation activities continued in 2001 with further demolition, backfilling and grading, and reseeded activities on approximately 45 acres, which include the No.1 Mine area, encompassing 35 acres and the Unit Train Lead-out and Silo area encompassing 10 acres. During 2002, demolition, backfilling and grading, and re-vegetation operations were performed on approximately 49.0 acres.

The reclaimed acres included 25.5 acres associated with the Lions Deck and Pond 1 Areas and 23.5 acres associated with the Overland Conveyor and Main Channel Areas. Also in 2002, a post mining land use change was permitted and achieved to facilitate the installation of two coal bed methane wells and utility corridor by ConocoPhillips within PMC's permit area. By the end of 2002 the entire disturbed acreage within the permit area had been reclaimed and seeded. The refuse pile and associated topsoil stockpile areas were removed from the Star Point Mine permit in November of 2003, and permitted by Sunnyside Cogeneration Associates.

In 2003, reclamation activities included the abandonment of water monitoring wells, boreholes, and minor backfilling and/or fencing of subsidence cracks and the repair of two small

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gullies on the slope north of the reclaimed Clean Coal Stacking Tube. During 2003, PMC demonstrated that subsidence had ceased

Phase I bond release for the Star Point Mine was approved on October 12, 2004. In February of 2006 the Bureau of Land Management issued coal lease relinquishments for the Star Point Mine Federal Coal Leases.

Phase II bond release for the Star Point Mine was approved on January 14, 2009. In 2010, 40 acres were removed from the permit including 8 acres of disturbed and reclaimed land in order to facilitate the development of coal bed methane by ConocoPhillips. In 2011 and 2012 all subsidence monitoring stations and all disturbed area boundary markers were removed from the permit area.

The entire disturbed area within the Star Point Permit had been reclaimed and seeded by the end of the year 2002. There has been no augmented seeding, fertilization, irrigation or other work, excluding accepted husbandry practices since the initial seeding was completed in 2002. The Extended Responsibility Period began in 2003 and reached the 10 year mark at the end of 2012.

Findings:

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules. No deficiencies were identified.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 784.14, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-301-512, -301-513, -301-514, -301-515, -301-532, -301-533, -301-542, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-733, -301-742, -301-743, -301-750, -301-751, -301-760, -301-761.

Analysis:

In 2012 repairs were to the main reclamation channel (SPRD-31) and a tributary channel (SPRD-30) following the Seeley fire and subsequent thunderstorms. The damage to the channels was repaired back to the original reclamation design (as required by OSM) in October and November of 2012. The repair of the channel and subsequent seeding is considered an accepted husbandry practice.

Findings:

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Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules. No deficiencies were identified.

MINE OPENINGS

Regulatory Reference: 30 CFR Sec. 817.13, 817.14, 817.15; R645-301-513, -301-529, -301-551, -301-631, -301-748, -301-765, -301-748.

Analysis:

All mine openings have been appropriately sealed in accordance with MSHA, 30CFR 75.1711. Closures are considered permanent

Findings:

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

The Permittee currently has a Surety Bond posted in the amount of \$672,000. The Principal Holder is Fidelity & Deposit Company of MD. Plateau Mining Corporation is requesting full Phase III Bond Release, leaving the bond amount at \$0.

Findings:

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

RECOMMENDATIONS:

Approval is recommended at this time. DOGM should approve of the release of \$672,000 for the Phase III application, as submitted.